

BENTON COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2010

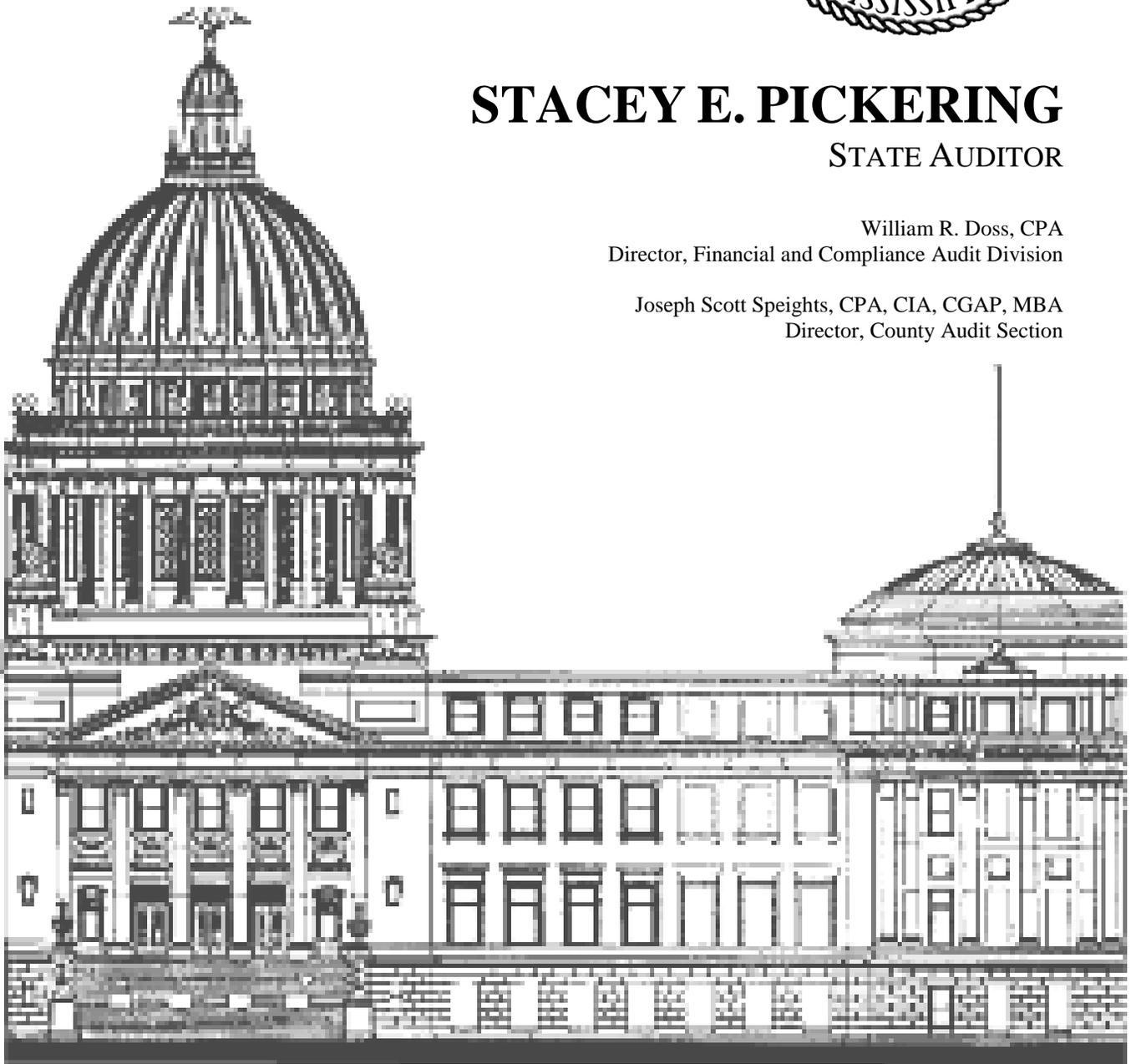


STACEY E. PICKERING

STATE AUDITOR

William R. Doss, CPA
Director, Financial and Compliance Audit Division

Joseph Scott Speights, CPA, CIA, CGAP, MBA
Director, County Audit Section



A Report from the County Audit Section

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

May 11, 2012

Members of the Board of Supervisors
Benton County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2010 financial and compliance audit report for Benton County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Benton County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Benton County. If I or this office can be of any further assistance, please contact me or J. Scott Speights of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering", written in a cursive style.

Stacey E. Pickering
State Auditor

BENTON COUNTY
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BENTON COUNTY

FINANCIAL SECTION

BENTON COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Benton County, Mississippi

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Benton County, Mississippi, as of and for the year ended September 30, 2010, which collectively comprise the basic financial statements of the county's primary government as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements do not include financial data for the county's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component unit. The county has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net assets, revenues and expenses of the aggregate discretely presented component unit is not reasonably determinable.

Management has not maintained adequate subsidiary records documenting the completeness and valuation of fines receivable of the Circuit Court reported on the Statement of Net Assets and in the General Fund at \$21,017. Accounting principles generally accepted in the United States of America require that these fines receivable, net of an allowance for uncollectible receivables, should be recognized when the county has an enforceable legal claim to the resources which would increase the assets, liabilities, fund balance and revenues of the General Fund and would increase the assets, net assets and revenues of the Governmental Activities. The amount by which this departure would affect the assets, liabilities, fund balance and revenues of the General Fund and the net assets and revenues of the governmental activities is not reasonably determinable.

In our opinion, because of the omission of the discretely presented component unit, as discussed in the third paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of Benton County, Mississippi, as of September 30, 2010, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, except for the effects, if any, of the matter described in the fourth paragraph, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the General Fund of Benton County, Mississippi, as of September 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the Road and Bridge Maintenance Fund and the aggregate remaining fund information of Benton County, Mississippi, as of September 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2012, on our consideration of Benton County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Benton County, Mississippi, has not presented Management's Discussion and Analysis that is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

The Budgetary Comparison Schedules and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Benton County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

May 11, 2012

BENTON COUNTY

FINANCIAL STATEMENTS

BENTON COUNTY

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BENTON COUNTY
Statement of Net Assets
September 30, 2010

Exhibit 1

	<u>Primary Government</u>
	Governmental Activities
ASSETS	
Cash	\$ 2,835,403
Property tax receivable	1,979,261
Accounts receivable (net of allowance for uncollectibles of \$343,945)	18,102
Fines receivable (net of allowance for uncollectibles of \$242,167)	72,107
Loans receivable	543,690
Intergovernmental receivables	259,135
Other receivables	18,182
Capital assets:	
Land	55,430
Other capital assets, net	9,204,156
Total Assets	<u>14,985,466</u>
LIABILITIES	
Claims payable	403,478
Intergovernmental payables	64,893
Deferred revenue	1,979,261
Amounts held in custody for others	2,000
Long-term liabilities	
Due within one year:	
Capital debt	141,097
Due in more than one year:	
Capital debt	643,747
Total Liabilities	<u>3,234,476</u>
NET ASSETS	
Invested in capital assets, net of related debt	8,474,742
Restricted:	
Expendable:	
General government	92,049
Public safety	238,975
Public works	615,771
Economic development	63
Unrestricted	2,329,390
Total Net Assets	<u>\$ 11,750,990</u>

The notes to the financial statements are an integral part of this statement.

BENTON COUNTY
Statement of Activities
For the Year Ended September 30, 2010

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,063,435	205,007	12,916		(1,845,512)
Public safety	1,161,616	114,021	71,919	87,950	(887,726)
Public works	1,682,909	505	1,088,563	76,025	(517,816)
Health and welfare	90,335		17,374		(72,961)
Culture and recreation	112,240		23,852		(88,388)
Education	192,186				(192,186)
Conservation of natural resources	47,631				(47,631)
Economic development and assistance	216,956		197,843		(19,113)
Interest on long-term debt	24,429				(24,429)
Total Governmental Activities	<u>5,591,737</u>	<u>319,533</u>	<u>1,412,467</u>	<u>163,975</u>	<u>(3,695,762)</u>
General revenues:					
Property taxes				\$ 2,147,173	
Road & bridge privilege taxes				103,034	
Lieu tax - Magnolia Energy				855,043	
Grants and contributions not restricted to specific programs				217,268	
Unrestricted interest income				28,038	
Miscellaneous				<u>102,922</u>	
Total General Revenues				<u>3,453,478</u>	
Changes in Net Assets					<u>(242,284)</u>
Net Assets - Beginning					11,993,274
Net Assets - Ending					<u>\$ 11,750,990</u>

The notes to the financial statements are an integral part of this statement.

BENTON COUNTY
 Balance Sheet - Governmental Funds
 September 30, 2010

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	Road and Bridge Maintenance Fund	Other Governmental Funds	
ASSETS				
Cash	\$ 1,953,673	489,227	392,503	2,835,403
Property tax receivable	1,578,280	187,706	213,275	1,979,261
Accounts receivable (net of allowance for uncollectibles of \$343,945)			18,102	18,102
Fines receivable (net of allowance for uncollectibles of \$242,167)	72,107			72,107
Loans receivable	543,690			543,690
Intergovernmental receivables	78,870	180,265		259,135
Other receivables	8,942		9,240	18,182
Due from other funds		12,342	4,550	16,892
Total Assets	\$ 4,235,562	869,540	637,670	5,742,772
LIABILITIES AND FUND BALANCES				
Liabilities:				
Claims payable	\$ 244,107	130,850	28,521	403,478
Intergovernmental payables	64,893			64,893
Due to other funds	16,892			16,892
Deferred revenue	1,650,387	187,706	231,377	2,069,470
Amounts held in custody for others	2,000			2,000
Total Liabilities	1,978,279	318,556	259,898	2,556,733
Fund balances:				
Reserved for:				
Loans receivable	543,690			543,690
Unreserved - undesignated, reported in:				
General Fund	1,713,593			1,713,593
Special Revenue Funds		550,984	377,772	928,756
Total Fund Balances	2,257,283	550,984	377,772	3,186,039
Total Liabilities and Fund Balances	\$ 4,235,562	869,540	637,670	5,742,772

The notes to the financial statements are an integral part of this statement.

BENTON COUNTY
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
September 30, 2010

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 3,186,039
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$4,769,658.	9,259,586
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	90,209
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(784,844)</u>
Total Net Assets - Governmental Activities	\$ <u><u>11,750,990</u></u>

The notes to the financial statements are an integral part of this statement.

BENTON COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2010

	Major Funds			Total Governmental Funds
	General Fund	Road and Bridge Maintenance Fund	Other Governmental Funds	
REVENUES				
Property taxes	\$ 1,649,821	260,573	236,779	2,147,173
Road and bridge privilege taxes		103,034		103,034
Lieu tax - Magnolia Energy	659,310	98,878	96,855	855,043
Licenses, commissions and other revenue	120,995		3,471	124,466
Fines and forfeitures	123,650		15,932	139,582
Intergovernmental revenues	705,106	854,129	234,475	1,793,710
Charges for services	8,720		73,094	81,814
Interest income	19,584	4,009	4,445	28,038
Miscellaneous revenues	61,597	13,497	18,640	93,734
Total Revenues	<u>3,348,783</u>	<u>1,334,120</u>	<u>683,691</u>	<u>5,366,594</u>
EXPENDITURES				
Current:				
General government	1,896,338		99,778	1,996,116
Public safety	1,025,201		176,677	1,201,878
Public works	289	1,259,533	290,041	1,549,863
Health and welfare	78,453			78,453
Culture and recreation	96,184			96,184
Conservation of natural resources	47,631			47,631
Economic development and assistance	8,000		197,913	205,913
Education	192,186			192,186
Debt service:				
Principal	72,387	96,912		169,299
Interest	15,891	8,538		24,429
Total Expenditures	<u>3,432,560</u>	<u>1,364,983</u>	<u>764,409</u>	<u>5,561,952</u>
Excess of Revenues over (under) Expenditures	<u>(83,777)</u>	<u>(30,863)</u>	<u>(80,718)</u>	<u>(195,358)</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued		133,122		133,122
Proceeds from sale of capital assets		6,601		6,601
Compensation for loss of capital assets	9,087			9,087
Transfers in	3,414		90,409	93,823
Transfers out	(90,000)		(3,823)	(93,823)
Total Other Financing Sources and Uses	<u>(77,499)</u>	<u>139,723</u>	<u>86,586</u>	<u>148,810</u>
Net Changes in Fund Balances	<u>(161,276)</u>	<u>108,860</u>	<u>5,868</u>	<u>(46,548)</u>
Fund Balances - Beginning as previously reported	2,440,175	442,124	350,288	3,232,587
Prior period adjustment	(21,616)		21,616	
Fund Balances - Beginning, as restated	<u>2,418,559</u>	<u>442,124</u>	<u>371,904</u>	<u>3,232,587</u>
Fund Balances - Ending	\$ <u>2,257,283</u>	<u>550,984</u>	<u>377,772</u>	<u>3,186,039</u>

The notes to the financial statements are an integral part of this statement.

BENTON COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2010

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (46,548)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that depreciation of \$535,033 exceeded capital outlay of \$338,884 in the current period.	(196,149)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the net gain of \$6,253 and the the proceeds from the sale of \$6,601 and compensation for loss of \$9,087 in the current period.	(9,435)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(25,869)
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(460)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt repayments of \$169,299 exceeded debt proceeds of \$133,122.	<u>36,177</u>
Change in Net Assets of Governmental Activities	\$ <u><u>(242,284)</u></u>

The notes to the financial statements are an integral part of this statement.

BENTON COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2010

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>23,793</u>
Total Assets	\$ <u><u>23,793</u></u>
LIABILITIES	
Intergovernmental payables	\$ <u>23,973</u>
Total Liabilities	\$ <u><u>23,973</u></u>

The notes to the financial statements are an integral part of this statement.

BENTON COUNTY

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BENTON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2010

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Benton County is a political subdivision of the State of Mississippi. The county is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Benton County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county.

Management has chosen to omit from these financial statements the following component unit which has significant operational or financial relationship with the county. Accordingly, the financial statements do not include the data of this component unit necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

- Benton County Library System

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the county legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Basis of Presentation.

The county's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

The Statement of Net Assets presents the financial condition of the governmental activities of the county at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the county's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the county, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the county.

BENTON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2010

Fund Financial Statements:

Fund financial statements of the county are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

C. Measurement Focus and Basis of Accounting.

The Government-wide and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the county. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The county reports the following major Governmental Funds:

General Fund - This fund is used to account for all activities of the general government for which a separate fund has not been established.

Road and Bridge Maintenance Fund - This fund is used to account for monies from specific revenue sources that are restricted for road and bridge maintenance.

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the county, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

BENTON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2010

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2005 by the Government Finance Officers Association.

E. Deposits and Investments.

State law authorizes the county to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the county may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, and all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the county did not invest in any governmental securities during the fiscal year.

F. Receivables.

Receivables are reported net of allowances for uncollectible accounts, where applicable.

G. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

H. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. The extent to which capital assets costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Benton County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

BENTON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2010

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

I. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Assets.

J. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net assets - Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net assets - All other net assets not meeting the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is classified as reserved or unreserved with unreserved classified as designated and undesignated.

Unreserved fund balance represents the amount available for budgeting future operations. Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

BENTON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2010

K. Property Tax Revenues.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the county. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

L. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

(2) Prior Period Adjustment.

The significant fund equity adjustment is as follows:

Exhibit 4 - Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Explanation	Amount
To move funds to Other Governmental Funds	\$ 21,616
To move funds from General Fund	(21,616)
Total prior period adjustment	\$ 0

(3) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2010, was \$2,859,196, and the bank balance was \$3,024,193. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

BENTON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2010

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the county will not be able to recover deposits or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the county. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the county.

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2010:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Road and Bridge Maintenance Fund	General Fund	\$ 12,342
Other Governmental Funds	General Fund	<u>4,550</u>
Total		<u>\$ 16,892</u>

The receivables represent the tax and court revenues collected but not settled until October, 2010. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 3,414
Other Governmental Funds	General Fund	90,000
Other Governmental Funds	Other Governmental Funds	<u>409</u>
Total		<u>\$ 93,823</u>

The purpose of interfund transfers was to cover operating expenses. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2010, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Reimbursement for disaster grant 2010	\$ 169,160
TVA in lieu tax	34,775
Legislative tax credit	23,095
State aid road – engineering fees	13,723
Privilege tax	11,119
Emergency management reimbursement	3,556
Overweight fees	1,297
Harvest fees	1,125
Reimbursement for staff – youth court	805
Reimbursement for housing prisoners	<u>480</u>
Total Governmental Activities	<u>\$ 259,135</u>

BENTON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2010

(6) Loans Receivable.

Loans receivable balances at September 30, 2010, are as follows:

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Receivable Balance</u>
Abby Manufacturing Company	12-1-2008	3%	12-1-2018	\$ 535,713
Abel's Store VFD fire truck purchase	6-1-2001	3%	5-1-2011	4,890
NE Benton VFD fire truck purchase	7-1-2001	3%	8-1-2011	<u>3,087</u>
Total				<u>\$ 543,690</u>

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2010:

Governmental activities:

	<u>Balance Oct. 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments*</u>	<u>Balance Sept. 30, 2010</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 55,430				55,430
Total non-depreciable capital assets	<u>55,430</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>55,430</u>
<u>Depreciable capital assets:</u>					
Infrastructure	6,939,552				6,939,552
Buildings	3,043,255				3,043,255
Improvements other than buildings	360,221				360,221
Mobile equipment	2,397,266	246,535	86,355	375,729	2,933,175
Furniture and equipment	341,228		8,009		333,219
Leased property under capital leases	<u>647,772</u>	<u>92,349</u>		<u>(375,729)</u>	<u>364,392</u>
Total depreciable capital assets	<u>13,729,294</u>	<u>338,884</u>	<u>94,364</u>	<u>0</u>	<u>13,973,814</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	1,337,120	182,542			1,519,662
Buildings	731,538	56,615			788,153
Improvements other than buildings	75,766	14,389			90,155
Mobile equipment	1,710,918	234,445	77,720	146,164	2,013,807
Furniture and equipment	282,086	10,265	7,209		285,142
Leased property under capital leases	<u>182,126</u>	<u>36,777</u>		<u>(146,164)</u>	<u>72,739</u>
Total accumulated depreciation	<u>4,319,554</u>	<u>535,033</u>	<u>84,929</u>	<u>0</u>	<u>4,769,658</u>
Total depreciable capital assets, net	<u>9,409,740</u>	<u>(196,149)</u>	<u>9,435</u>	<u>0</u>	<u>9,204,156</u>
Governmental activities capital assets, net	<u>\$ 9,465,170</u>	<u>(196,149)</u>	<u>9,435</u>	<u>0</u>	<u>9,259,586</u>

*Adjustments are to reclassify paid off leased purchases.

BENTON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2010

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 64,384
Public safety	97,922
Public works	333,746
Health and welfare	11,882
Culture and recreation	16,056
Economic development and assistance	<u>11,043</u>
Total governmental activities depreciation expense	<u>\$ 535,033</u>

(8) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2010, to January 1, 2011. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(9) Capital Leases.

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2010:

<u>Class of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 364,392
Less: Accumulated depreciation	<u>(72,739)</u>
Leased Property Under Capital Leases	<u>\$ 291,653</u>

The following is a schedule by years of the total payments due as of September 30, 2010:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 76,862	6,573
2012	74,773	4,241
2013	73,840	1,838
2014	<u>19,018</u>	<u>170</u>
Total	<u>\$ 244,493</u>	<u>12,822</u>

BENTON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2010

(10) Long-term Debt.

Debt outstanding as of September 30, 2010, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. Capital Leases:			
Massey Ferguson 593 tractor	\$ 4,421	0.0%	02-2011
2008 Mack tractor truck	54,176	3.15%	07-2013
Caterpillar excavator	70,741	3.15%	11-2013
John Deere tractor and Alamo machete	83,271	3.20%	04-2014
John Deere tractor and sprayer	31,884	3.20%	10-2013
Total Capital Leases	\$ 244,493		
B. Other Loans:			
Capital improvements revolving loan	\$ 2,544	3.00%	05-2011
Capital improvements revolving loan	2,916	3.00%	08-2011
Capital improvements loan - factory	534,891	3.00%	12-2018
Total Other Loans	\$ 540,351		

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Assets are as follows:

Governmental Activities:

Year Ending September 30	Other Loans	
	Principal	Interest
2011	\$ 64,235	15,388
2012	60,563	13,480
2013	62,405	11,638
2014	64,303	9,840
2015	66,259	7,784
2016 – 2020	222,586	11,883
Total	\$ 540,351	70,013

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2010, the county had no outstanding debt limited by legal debt margin.

BENTON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2010

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2010:

	Balance Oct. 1, 2009	Additions	Reductions	Adjustments	Balance Sept. 30, 2010	Amount due within one year
Governmental Activities:						
Capital leases	208,283	133,122	96,912		244,493	76,862
Other loans	612,738		72,387		540,351	64,235
Total	\$ 821,021	133,122	169,299	0	784,844	141,097

(11) Contingencies.

Federal Grants - The county has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the county. No provision for any liability that may result has been recognized in the county's financial statements.

Litigation - The county is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the county with respect to the various proceedings. However, the county's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the county.

(12) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

The Northeast Mental Health-Mental Retardation Commission operates in a district composed of the Counties of Benton, Chickasaw, Itawamba, Lee, Monroe, Pontotoc and Union. The Benton County Board of Supervisors appoints one of the seven members of the board of commissioners. The county appropriated \$9,668 for the maintenance and support of the commission in fiscal year 2010.

The Northeast Mississippi Planning and Development District operates in a district composed of the Counties of Alcorn, Benton, Marshall, Prentiss, Tippah and Tishomingo. The Benton County Board of Supervisors appoints four of the 24 members of the board of directors. The county appropriated \$7,000 for the maintenance and support of the district in fiscal year 2010.

Northwest Mississippi Community College operates in a district composed of the Counties of Benton, Calhoun, DeSoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica and Yalobusha. The Benton County Board of Supervisors appoints two of the 23 members of the college board of trustees. The county appropriated \$91,631 for maintenance and support of the college in fiscal year 2010.

The Northeast Mississippi Regional Solid Waste Authority provides solid waste services to the Counties of Benton, Prentiss, and Tippah along with the Cities of Ashland, Booneville, and Ripley. Currently, Benton County does not receive any direct services from the authority, but rather contracts with a private firm for the collection of solid waste. The authority prepared a five-year solid waste plan for the county. Each member of the authority appoints one member of the six-member commission. The county did not appropriate any funds to the authority in the fiscal year 2010.

United Community Action Commission, Inc. was created as a nonprofit organization pursuant to federal community action legislation in the mid-1960's. The commission is governed by a 21 member board, seven of whom are appointed by the Benton County Board of Supervisors. Most of the commission's operating revenue come from federal sources. The county appropriated \$15,000 to the commission in fiscal year 2010.

BENTON COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2010

(13) Defined Benefit Pension Plan.

Plan Description. Benton County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2010, PERS members were required to contribute 9% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2010 was 12% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2010, 2009 and 2008 were \$168,500, \$161,605 and \$161,302, respectively, equal to the required contributions for each year.

(14) Subsequent Events.

Subsequent to September 30, 2010, the county issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
11/15/10	2%	\$ 140,000	Other Loan	Ad valorem taxes
8/29/11	2%	150,000	Other Loan	Ad valorem taxes

BENTON COUNTY

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BENTON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

BENTON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2010

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,723,284	1,617,486	1,617,486	
Licenses, commissions and other revenue	221,027	131,766	131,766	
Fines and forfeitures	149,482	143,629	143,680	51
Intergovernmental revenues	1,707,409	1,990,950	1,992,949	1,999
Interest income	10,000	17,022	17,650	628
Miscellaneous revenues	14,078	31,364	31,404	40
Total Revenues	<u>3,825,280</u>	<u>3,932,217</u>	<u>3,934,935</u>	<u>2,718</u>
EXPENDITURES				
Current:				
General government	3,101,609	2,916,443	2,916,443	
Public safety	904,279	823,169	823,169	
Public works		289	289	
Health and welfare	105,570	68,775	68,775	
Culture and recreation	95,830	96,532	96,532	
Conservation of natural resources	58,264	48,058	48,058	
Economic development and assistance	7,000	7,000	7,000	
Total Expenditures	<u>4,272,552</u>	<u>3,960,266</u>	<u>3,960,266</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(447,272)</u>	<u>(28,049)</u>	<u>(25,331)</u>	<u>2,718</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources		47,484	21,749	(25,735)
Other financing uses			90,000	90,000
Total Other Financing Sources and Uses	<u>0</u>	<u>47,484</u>	<u>111,749</u>	<u>64,265</u>
Net Change in Fund Balance	(447,272)	19,435	86,418	66,983
Fund Balances - Beginning	<u>1,341,788</u>	<u>1,559,125</u>	<u>1,559,126</u>	<u>1</u>
Fund Balances - Ending	<u>\$ 894,516</u>	<u>1,578,560</u>	<u>1,645,544</u>	<u>66,984</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

BENTON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Road and Bridge Maintenance Fund
 For the Year Ended September 30, 2010

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 269,658	267,155	267,155	
Road and bridge privilege taxes	107,906	96,065	96,065	
Intergovernmental revenues	789,057	874,979	874,979	
Interest income	4,500	3,714	4,009	295
Miscellaneous revenues		13,496	13,496	
Total Revenues	<u>1,171,121</u>	<u>1,255,409</u>	<u>1,255,704</u>	<u>295</u>
EXPENDITURES				
Current:				
Public works	1,312,200	1,410,112	1,414,512	(4,400)
Total Expenditures	<u>1,312,200</u>	<u>1,410,112</u>	<u>1,414,512</u>	<u>(4,400)</u>
Excess of Revenues over (under) Expenditures	<u>(141,079)</u>	<u>(154,703)</u>	<u>(158,808)</u>	<u>(4,105)</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources		155,072	139,723	(15,349)
Total Other Financing Sources and Uses		<u>155,072</u>	<u>139,723</u>	<u>(15,349)</u>
Net Change in Fund Balance	(141,079)	369	(19,085)	(19,454)
Fund Balances - Beginning	<u>304,264</u>	<u>508,312</u>	<u>508,312</u>	
Fund Balances - Ending	<u>\$ 163,185</u>	<u>508,681</u>	<u>489,227</u>	<u>(19,454)</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

BENTON COUNTY

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BENTON COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2010

A. Budgetary Information.

Statutory requirements dictate how and when the county's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the county, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The county's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and the major Special Revenue Fund:

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Road and Bridge Maintenance Fund</u>
Budget (Cash Basis)	\$ 86,418	(19,085)
Increase (Decrease)		
Net adjustments for revenue accruals	41,863	78,415
Net adjustments for expenditure accruals	<u>32,995</u>	<u>49,530</u>
GAAP Basis	<u>\$ 161,276</u>	<u>108,860</u>

BENTON COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2010

D. Excess of Actual Expenditures Over Budget in Individual Funds.

The following fund had an excess of actual expenditures over budget for the year ended September 30, 2010:

<u>Fund</u>	<u>Excess</u>
Road and Bridge Maintenance Fund	\$ 4,400

The Road and Bridge Maintenance Fund is in violation of Section 19-11-17, Miss. Code Ann. (1972). However, the county has no liability associated with this violation.

BENTON COUNTY

SUPPLEMENTAL INFORMATION

BENTON COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2010

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture Passed-through the State of Mississippi Treasury Department Schools and roads - grants to states *	10.665	N/A	\$ 364,247
U.S. Department of Agriculture Community facilities loans and grants (Direct award)	10.766	N/A	35,500
U.S. Department of Housing and Urban Development Passed-through the Mississippi Development Authority Community development block grants/state's program and non-entitlement grants in Hawaii *	14.228	1125-08-005-ED-01	197,843
U.S. Department of Transportation Passed-through the Mississippi Department of Transportation Highway planning and construction	20.205	N/A	12,000
U.S. Department of Homeland Security Passed-through the Mississippi Emergency Management Agency Disaster grants - public assistance (presidentially declared disasters)	97.036	FEMA-1916-DR-MS	169,160
U.S. Department of Homeland Security Passed-through the Mississippi Emergency Management Agency Emergency management performance grants	97.042	EMPG	<u>14,013</u>
Total Expenditures of Federal Awards			<u>\$ 792,763</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

* Denotes major federal award program

BENTON COUNTY

SPECIAL REPORTS

BENTON COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE
FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Supervisors
Benton County, Mississippi

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Benton County, Mississippi, as of and for the year ended September 30, 2010, which collectively comprise the county's basic financial statements and have issued our report thereon dated May 11, 2012. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component unit which is required by accounting principles generally accepted in the United States of America to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units. This report also includes a qualified opinion on the General Fund because the county did not maintain adequate subsidiary records documenting the completeness and valuation of certain fines receivable as required by accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Benton County, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 10-1, 10-2, 10-3, 10-4, 10-5, 10-6 and 10-7 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Benton County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to the management of Benton County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated May 11, 2012, included within this document.

Benton County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Benton County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

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WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

May 11, 2012



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Members of the Board of Supervisors
Benton County, Mississippi

Compliance

We have audited the compliance of Benton County, Mississippi with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010. Benton County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Benton County, Mississippi's management. Our responsibility is to express an opinion on Benton County, Mississippi's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Benton County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Benton County, Mississippi's compliance with those requirements.

In our opinion, Benton County, Mississippi, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

Internal Control Over Compliance

The management of Benton County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Benton County, Mississippi's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over compliance.

A deficiency in a county's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

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WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

May 11, 2012



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors
Benton County, Mississippi

We have examined Benton County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2010. The Board of Supervisors of Benton County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Benton County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Benton County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2010.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of Benton County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Will R. Doss". The signature is written in a cursive style with a long horizontal stroke at the end.

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

May 11, 2012

BENTON COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2010

Schedule 1

Our test results did not identify any purchases from other than the lowest bidder.

BENTON COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2010

Schedule 2

Our test results did not identify any emergency purchases.

BENTON COUNTY
Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2010

Schedule 3

Our test results did not identify any purchases made noncompetitively from a sole source.

BENTON COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Benton County, Mississippi

In planning and performing our audit of the financial statements of Benton County, Mississippi for the year ended September 30, 2010, we considered Benton County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Benton County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated May 11, 2012, on the financial statements of Benton County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations and areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

Interfund transfers not approved by the Board of Supervisors.

1. Finding

Section 19-3-27, Miss. Code Ann. (1972), requires the board minutes to be a complete and correct record of all proceedings of the Board of Supervisors. Interfund transfers were made without board orders spread on the minutes. Failure to have proper authority for transfers spread upon the board minutes could result in illegal transfers.

Recommendation

The Board of Supervisors should spread orders on its minutes relative to interfund transfers.

Board of Supervisors' Response

Benton County will comply in the future.

Circuit Clerk.

Circuit Clerk travel expenses claimed twice.

2. Finding

Section 25-3-41, Miss Code Ann. (1972), states that a public officer or employee shall be reimbursed for actual expenses such as meals, lodging, and other necessary expenses incurred in the course of travel. The Mississippi Judicial College reimbursed the Circuit Clerk for expenses related to training in the amount of \$259 in the 2009 fiscal year and \$310 in the 2010 fiscal year. The Circuit Clerk also submitted travel claims for the same expenses to the county and received reimbursement from the county. Due to the Circuit Clerk already being reimbursed for actual expenses by the Mississippi Judicial College, the reimbursement from the county was not for actual expenses incurred and therefore is considered an illegal donation by the county. The Circuit Clerk should remit \$569 back to the county, and in the future should only submit claims for reimbursement once.

Recommendation

The Circuit Clerk should remit \$569 back to the county, and in the future take measures to ensure that expenses are only submitted for reimbursement one time.

Circuit Clerk's Response

This was an oversight. I have cleared this up.

Auditor's Note

The Circuit Clerk remitted \$569 to the General Fund as evidenced by receipt warrant 12683, on October 14, 2011.

Circuit Clerk Fee Journal not properly maintained.

3. Finding

Section 9-1-43, Miss. Code Ann, (1972), requires the Circuit Clerk to maintain a fee journal. We noted the following discrepancies:

- a. Expenses were not paid out of the fee account nor recorded in the fee journal.
- b. Documentation was not provided for some expenses claimed on the annual report. However, the disallowance of these expenses did not cause the Circuit Clerk to exceed the salary cap.
- c. Fees received by the Circuit Clerk were not posted in the appropriate column in the fee journal as required.

Failure to properly maintain the fee journal could result in the loss of public funds.

Recommendation

The Circuit Clerk should properly maintain a fee journal, documenting both revenues and expenses, and maintain support for each.

Circuit Clerk's Response

This has been corrected with a new computer accounting system.

Sheriff.

Inadequate controls over cash collection and disbursement functions exist in the Sheriff's office.

4. Finding

An effective system of internal control should include an adequate segregation of duties and the maintenance and reconciliation of records documenting cash collections. Controls were inadequate over cash. The following deficiencies were noted:

- a. The bookkeeper maintains the cash journal, prepares deposits, prepares settlements and disburses funds. The activities of the bookkeeper were not reviewed by another person.
- b. Collections were not deposited on a daily basis.
- c. The cash journal was not reconciled to the bank statement.

The failure to implement adequate controls over the recording and disbursement functions, to deposit collections on a timely basis and to reconcile the cash journal to the bank statement could result in inaccurate reporting, incomplete settlements and the increased the possibility of the loss or misappropriation of public funds.

Recommendation

The Sheriff should ensure that there is an adequate separation of duties in the recording and settlement functions. The Sheriff should also ensure that funds are deposited on a daily basis, that cash journals are reconciled monthly to the bank statements and that duties of the bookkeeper are reviewed by another person.

Sheriff's Response

The duties of the bookkeeper are now being reviewed by me and dated. We are working on the bank statements and the daily deposits.

Inadequate controls exist over assets purchased with drug funds.

5. Finding

An effective system of internal control would include the recording of all inventory items on the county's assets. The Sheriff's office purchased a desktop computer in the amount of \$746.86, and did not go through the county's purchasing system or remit the information to the county, so the asset could be placed on inventory. The failure to record assets on the county's inventory could result in the misappropriation of inventory purchased with county funds.

Recommendation

The Sheriff should ensure that any assets purchased by his department are handled through the county's purchasing system and the asset information is remitted to the Inventory Control Clerk to be included in the county's assets.

Sheriff's Response

I will make sure that any purchase's made by the Sheriff Department are handled through the county's purchasing system and added to inventory.

Benton County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Will-R. Doss". The signature is written in a cursive, slightly slanted style.

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

May 11, 2012

BENTON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

BENTON COUNTY

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BENTON COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2010

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|---------------|
| 1. | Type of auditor's report issued on the financial statements: | |
| | Governmental activities | Unqualified |
| | Aggregate discretely presented component units | Adverse |
| | General Fund | Qualified |
| | Road and Bridge Maintenance Fund | Unqualified |
| | Aggregate remaining fund information | Unqualified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | | |
|-----|--|---------------|
| 4. | Internal control over major programs: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 5. | Type of auditor's report issued on compliance for major federal programs: | Unqualified |
| 6. | Any audit findings disclosed that are required to be reported in accordance with Section ____510(a) of OMB Circular A-133? | No |
| 7. | Federal programs identified as major programs: | |
| | a. Schools and roads – grants to states, CFDA#10.665 | |
| | b. Community development block grant/state's program, CFDA#14.228 | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit finding and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____315(b) of OMB Circular A-133? | No |

BENTON COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2010

Section 2: Financial Statement Findings

Board of Supervisors.

Significant Deficiency – Material Weakness

The county should implement controls to ensure preparation of its financial statements.

10-1. Finding

A critical aspect of effective financial management is the preparation of accurate financial statements. Management did not have personnel who possessed the necessary training to prepare financial statements in accordance with generally accepted accounting principles. Benton County's accounting records are maintained on the cash basis and the auditors assisted the county in preparing accrual entries and the primary government financial statements. However, the County has made all management decisions including approving accrual entries, designating an individual with a basic understanding of the financial statements and related note disclosures to oversee the financial statement preparation; evaluating the adequacy and results of the services performed and accepting responsibility for the results of the services.

Recommendation

The Board of Supervisors should establish adequate controls and procedures to ensure that financial statements and note disclosures are prepared in accordance with generally accepted accounting principles.

Board of Supervisors' Response

We did not feel it was cost beneficial to hire a CPA firm to prepare financial statements.

Significant Deficiency – Material Weakness

Financial data for component unit not included in the financial statements.

10-2. Finding

Generally accepted accounting principles require the financial data for the county's component unit to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component unit. The financial statements do not include the financial data for the county's legally separate component unit. The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component unit.

Recommendation

The Board of Supervisors should provide the financial data for its discretely presented component unit for the inclusion in the county's financial statements.

Board of Supervisors' Response

Benton County will comply in the future.

BENTON COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2010

Significant Deficiency – Material Weakness

Cash collection and disbursement functions over accounting functions not adequately segregated.

10-3. Finding

An effective system of internal control should include an adequate separation of duties. Observations revealed that there is not an adequate separation of duties in the accounting functions. The bookkeeper receipts all funds, makes deposits, enters receipts into the system, reconciles the bank statement, and prepares and prints disbursements. The Chancery Clerk and the Board of Supervisors only review the cash disbursements made. Failure to have an adequate separation of duties could result in the loss of public funds due to the mishandling of funds.

Recommendation

Accounting functions involving receipting and disbursing of funds, recording transactions and reconciling accounts should be performed by different people or reviewed by someone not completing the duty.

Board of Supervisors' Response

Due to small staff, we will try to meet requirements.

Circuit Clerk.

Significant Deficiency – Material Weakness

Controls over fines receivable should be strengthened.

10-4. Finding

An effective system of internal control over fines receivable records should include maintaining adequate subsidiary records to substantiate the total fines receivable balance. Management did not maintain adequate subsidiary records documenting the completeness and valuation of the fines receivable for Circuit Court and the aging of fines receivable. Therefore, the Independent Auditors' Report for the General Fund is qualified because we were not able to satisfy ourselves as to the fair presentation of the Circuit Court fines receivable.

Recommendation

The Circuit Clerk should establish procedures documenting the completeness and valuation of fines receivable records, including the aging schedules for the Circuit Court fines receivables.

Circuit Clerk's Response

The system has been updated to comply.

BENTON COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2010

Significant Deficiency – Material Weakness

Cash collection and disbursement functions not adequately segregated in Circuit Clerk's office.

10-5. Finding

An effective system of internal control should include an adequate separation of duties. Cash collection and disbursement functions are not adequately separated for effective internal control. The Circuit Clerk receipts collections, makes deposits, calculates the monthly settlements, posts the cash journal, reconciles the bank statements and disburses all funds. Failure to have an adequate separation of duties could result in the loss of public funds.

Recommendation

The Circuit Clerk should implement a system for review of the accounting records by another person.

Circuit Clerk's Response

Due to lack of personnel.

Tax Assessor-Collector.

Significant Deficiency – Material Weakness

Cash collection and disbursement functions in the Tax Assessor-Collector's office are not adequately segregated.

10-6. Finding

An effective system of internal control over tax collections should include an adequate segregation of duties and the maintenance of the legislative tag credit receivable column in the cash journal. Cash collection, recording, and reconciling functions were not adequately segregated for effective internal control. The following deficiencies were noted:

- a. The Tax Assessor-Collector collected money using another deputy clerk's drawer as well as performed recording and disbursing functions.
- b. The Tax Assessor-Collector did not have anyone review the bank reconciliation when she completed it.
- c. The Tax Assessor-Collector did not carry the legislative tag credit receivable balance forward from month to month.

Failure to implement adequate controls over the collection, recording and reconciling functions could result in the loss of public funds.

Recommendation

The Tax Assessor-Collector should ensure that there is an adequate segregation of duties in the collecting, recording and reconciling functions. She should also ensure that the legislative tag credit receivable column is properly maintained.

Tax Assessor-Collector's Response

I will comply.

BENTON COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2010

Justice Court Clerk.

Significant Deficiency – Material Weakness

Cash Collection and disbursement functions not adequately segregated in the Justice Court Clerk's office.

10-7. Finding

An effective system of internal control should include an adequate separation of duties. Cash collection and disbursement functions in the Justice Court office were not adequately separated for effective internal control. The Justice Court Clerk has access to collections, prepares and makes bank deposits, prepares the daily check-up sheets, reconciles the bank statements, posts to the cash journal, makes monthly settlements and writes checks for all disbursements. Failure to have an adequate separation of duties could result in the loss or misappropriation of public funds.

Recommendation

The Board of Supervisors should take steps to ensure that there is an adequate segregation of duties in the collection and disbursement functions of the Justice Court offices or that there is external oversight over operations of the Justice Court office.

Justice Court Clerk's Response

I will comply.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.

BENTON COUNTY

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